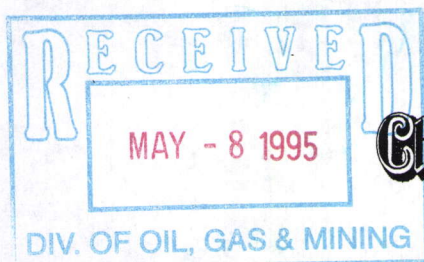


5/023/040



Chief Consolidated Mining Co.

EUREKA, UTAH 84628

PRELIMINARY REPORT TO SHAREHOLDERS OF DRILLING RESULTS

Dear Shareholder:

In December, 1994, the rehabilitation of the Apex #2 shaft and the west end underground workings of Chief's East Tintic District Operations Area properties in Utah was completed by your Company.

An underground drilling program in the west end of the Mine was initiated by Chief in January, 1995, together with additional drifting and the construction of three new underground drill stations. The drilling program, which is expected to be completed during the second quarter of 1995, is designed to significantly increase your Company's proven and probable reserves by enlarging previously delineated reserves in several areas of the Burgin orebody.

The following is the information contained in Chief's press release that reported on the results of the first two drillholes of the drilling program:

The first drillhole, which was directed to the southeastern area of the current known reserves, intercepted 104 feet of high grade mineralization that assayed at a per ton average of: 21 ounces of silver; 32% lead (640 pounds); and 4% zinc (80 pounds). The intercept included an 8 foot segment that assayed at a per ton average of 58 ounces of silver and 48% lead (960 pounds). The second drillhole, which was directed to the eastern area of the current known reserves, intercepted 55 feet of high grade mineralization that assayed at a per ton average of: 10 ounces of silver; 32% lead (640 pounds); and 11% zinc (220 pounds). The intercept included a 17 foot segment that assayed at a per ton average of 16 ounces of silver and 33% lead (660 pounds).

These ore intercepts were highly significant, not only in terms of the extremely high metallic values, but also because the drillhole results increased the width of the area that is now included in the current proven and probable Burgin orebody reserves. The results of these initial drillholes will add substantial tonnage to the present reserves and increase the overall grade due to the elevated metallic values. Before these latest discoveries, the Burgin orebody's proven and probable reserves stood at an estimated 1,032,173 tons of ore containing, in place: 24 million ounces of silver, 550 million pounds of lead and 180 million pounds of zinc.

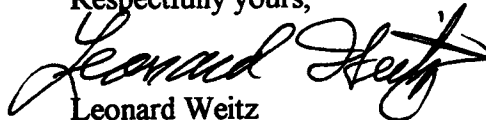
After the press release was issued, assay results of the third drillhole were received by your Company. The third drillhole was directed to the northeastern area of the current known reserves and intersected 42 feet of mineralization that assayed at a per ton average of: 5 ounces of silver; 11% lead (220 pounds); and 6% zinc (120 pounds). The intercept included a 15 foot segment that assayed at a per ton average of: 10 ounces of silver, 14% lead (280 pounds); and 10% zinc (200 pounds). The results of drillhole number three added additional reserve tonnage by further extending the boundary of the known reserves in this area of the Burgin orebody.

The fourth drillhole was drilled into an area completely outside of known reserve boundaries. The drillhole intercepted 8 feet of mineralization that assayed per ton at 1 1/2 ounces of silver; 4% lead (80 pounds); and 12% zinc (240 pounds), including a 5 foot section of mineralization that contained the highest zinc grade discovered to date, 17% (340 pounds). This intercept now extends the boundary of the Burgin orebody by approximately 125 feet to the south-southwest. Additional drilling into this area from the same drill station, but at a different angle, is in progress. A second drill has been activated and drilling from another drill station is also in progress.

The drilling to date will substantially increase Chief's current Burgin orebody reserves. The drilling has also shown that the ore zone is thicker than previously indicated. When the drilling program has been completed, revised reserve estimates will be calculated by an independent mineral evaluation consultant. These new reserves figures are expected to become available to Chief during the summer of 1995.

Your Management will continue to keep Chief's shareholders informed of significant developments.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Leonard Weitz", with a stylized flourish at the end.

Leonard Weitz
Chairman of the Board
and Chief Executive Officer

May 1, 1995